85-1498/

July, 1983

To the Honourable
Andrew S. Brandt
Minister of the Environment

Dear Mr. Brandt,
I have the honour of
submitting the second Annual
Report of the Ontario Waste
Management Corporation
for the fiscal year ended
March 31, 1983.

Respectfully submitted,

D.A. Chant
Chairman and President

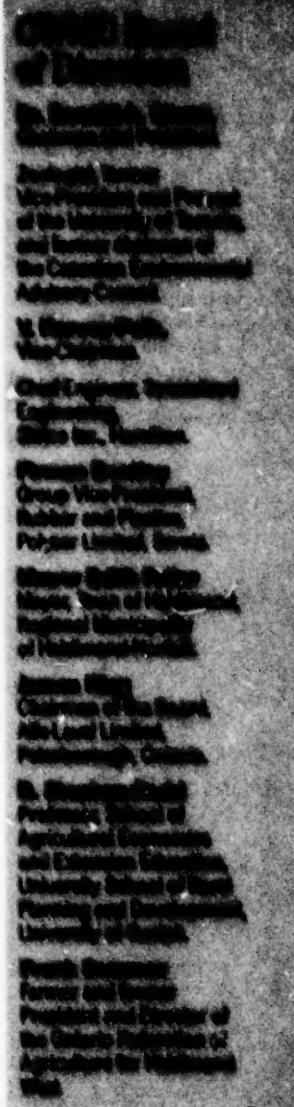
Corporate profile

The Ontario Waste Management Corporation (OWMC) was formally created by Bill 90, which received Third Reading in the Ontario Legislature on July 2, 1981. OWMC's primary responsibility is to design, construct and operate a province-wide system for the treatment and disposal of liquid industrial waste and hazardous waste, and to develop a long-term program to assist in the reduction and recycling of such wastes.

Objects of the Corporation
From Section 3 of The Ontario Waste Management Corporation Act, 1981:

"**A.** to research, develop, establish, operate and maintain facilities for the transmission, reception, collection, examination, storage, treatment and disposal of wastes including sewage; and

B. to perform such other duties as may be assigned to under this or any other Act."



Highlights

• Two phases were completed of a five-phase Facilities Development Process, designed to prepare detailed proposals on appropriate technologies and sites for a liquid industrial waste treatment system. In September 1982, a Phase 1 Report was issued, containing: estimates on the amount, type and location of liquid industrial waste produced in Ontario; information on appropriate worldwide treatment technologies; and important geological/hydrogeological, environmental, engineering and landuse information required to begin assessing treatment and location options.

• In January 1983, a Phase 2 Report was issued, containing: a refinement of data collected during Phase 1; preliminary planning guidelines on the type of system to be developed; the selected geographic region where the search for suitable sites would be concentrated; and a proposed methodology for site selection.

• During 1982/83, OWMC officials held more than 225 meetings with groups, individuals and associations to discuss the Phase 1 and 2 Reports. Meetings were held in Sarnia, Chatham, London, Hamilton, St. Catharines, Oshawa, Richmond Hill, Brampton, and Toronto, where seventy-six groups and individuals discussed the two reports with OWMC officials. Seminars were also scheduled to discuss planning issues in more detail; six one-day conferences were scheduled throughout Southern Ontario for municipal officials in conjunction with the Association of Municipalities of Ontario, and a weekend meeting was held in February with representatives from twenty-five groups and associations to discuss the site selection process.

• In January, important planning guidelines were developed for the type and size of treatment and disposal facilities required. These guidelines stated that OWMC treatment and disposal facilities must be capable of receiving all types of liquid industrial waste, but also must be sized to avoid wasteful start-up capacity.

• Professional staff were hired in corporate planning, finance and administration, process design engineering, marketing and communications. The development of a comprehensive, long-term corporate business and marketing plan began, more detailed analyses of process engineering issues associated with treatment technologies were undertaken, and a framework for the development of a comprehensive proposal to the Hearing Panel on Industrial Waste Management was developed. Over the year, the Board of Directors held eight meetings.

• A major study of waste reduction opportunities was completed for OWMC by Proctor & Redfern Limited, Roy F. Weston Inc., and the Ontario Research Foundation. The study's conclusions included fourteen possible roles OWMC could assume in assisting in the reduction and recycling of liquid industrial waste.

• Following the decision in February 1983 to release Proctor & Redfern Limited as the Corporation's prime consultant, new consultants were retained to assist in the areas of site selection (M.M. Dillon), transportation (M.M. Dillon), planning, (Marshall, Macklin, Monaghan), and socio-economic studies (Institute for Environmental Research). Gartner Lee Associates Limited and the Ontario Research Foundation continued as environmental consultants.

Chairman's message

In last year's Annual Report, I outlined the approach OWMC was taking to its responsibilities: the selection of world-class treatment and disposal technologies, the development of thorough proposals for a public hearing, the identification of ways in which it could assist in the reduction and recycling of industrial wastes, and the implementation of a program to consult with the public before rather than after major decisions are made. Looking back over our second year, I believe we have made steady progress in all these areas.

During the year, we completed two phases of our Facilities Development Process, received the results of a major study on waste reduction opportunities, held over 225 meetings with individuals, groups and organizations and made several important decisions on the nature, size and location of required facilities.

Perhaps the most significant decision was made at the conclusion of Phase Two in January, when we decided to concentrate our search for these facilities within the Golden Horseshoe Region. Approximately 70% of Ontario's liquid industrial wastes are generated in and around this region, and it seemed only prudent and logical to narrow our search immediately to this area, thereby reducing the costs and risks of transporting liquid and hazardous wastes over long distances.

Other important planning decisions were made at that time. To avoid excess start-up capacity we adopted planning guidelines on the size of OWMC facilities that would avoid wasteful over-design but that also recognized OWMC's responsibility for handling all types of liquid industrial wastes produced in Ontario. Before actual process-design and capacity decisions are taken however, more detailed discussions with waste generators, haulers and recyclers must take place, a marketing program and pricing policy must be developed and design and process engineering decisions must be made. Progress has been made in all these areas, with the addition to our staff of marketing, process engineering and planning specialists.

At the same time, a major study on waste reduction opportunities identified fourteen possible roles for OWMC to play in assisting industries in Ontario to reduce and recycle industrial waste. This major study will be circulated for public discussion over the next few months and steps will soon be taken to begin addressing these issues.

This year we faced one of our most difficult decisions so far – the release of Proctor & Redfern Limited as prime engineering consultants, following the discovery of extensive plagiarism in one of the studies they submitted to us. This was an obvious set-back, particularly in terms of lost time on design-engineering issues, but steps were taken quickly to recruit new engineering and planning consultants. By year-end, additional consultants were appointed to assist in the areas of site selection, transportation and socio-economic research in particular.

One of the most encouraging results this year has been the high level of public involvement and interest in our work. Our studies and reports have been circulated widely throughout the Province, and we have met with literally hundreds of associations and organizations in public meetings and small group seminars. The views and advice we have received have been important to our planning and have resulted in significant changes to our site selection process.

Throughout all of these activities, we have received a clear and consistent message: 'Do it right.' I know we can achieve this goal. But to do so, critical and controversial decisions must be made – on the size of our facilities, the specific site(s) where they should be located, our role in the industrial waste treatment and disposal market, our pricing policies and our planning schedule, to name just a few. Resolving them will not be easy.

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D.A. Chant
Chairman and President

Review of operations

The Facilities Development Process

Following the rejection of the South Cayuga site by OWMC in November 1981, a five-phase plan – called the Facilities Development Process – was developed to guide the Corporation's selection of appropriate treatment technologies and site(s), and the preparation of a detailed proposal for the public hearings. This plan was designed to organize the assembly and analysis of complex engineering, environmental and planning information and provide opportunities for public consultation at each critical stage of its development. Over the past year, OWMC has completed the first two phases of this process. (See figure 1).

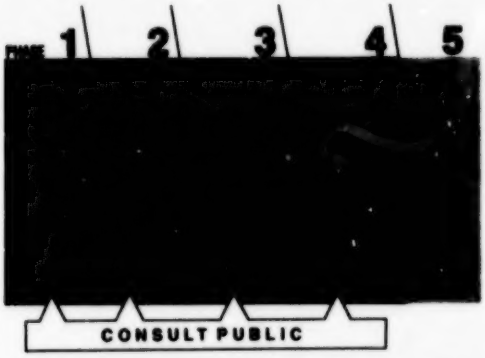

Figure 1
Facilities development process

The Phase 1 Report, issued in September 1982, summarized the results of several key planning issues including:
– estimates of the types, quantities and sources of liquid industrial waste generated in Ontario;
– possible reduction, treatment and disposal technologies for each type of waste;
– the major geological/hydrogeological features of Southern Ontario;
– the different types of treatment and disposal systems and the key environmental, engineering and planning factors that will influence the type and location of systems selected; and
– a survey of other factors that will affect the size and location of facilities such as land-use, archaeology, climatology, transportation, surface water characteristics and environmentally sensitive areas.

In January, the Phase 2 Report was issued. The purpose of this phase was: to examine in more detail the primary information gathered in Phase 1 in consultation with the public; to outline the key planning decisions on the type and size of OWMC facilities required; to identify the region of the province in which the search for candidate areas will be focused; and to propose a methodology for selecting appropriate sites. Specifically, the Phase 2 Report outlined the following key planning guidelines:
– OWMC facilities, no matter how large or small they ultimately become, must be designed to handle all types of special waste.
– The initial installation should be capable of expansion through designs that leave room for new construction, equipment that allows for modular expansion, and technologies that favour increased capacity through extra shifts, wherever practical, rather than additional construction of new installations.
– The initial design capacity of the facilities should be lower than OWMC's best estimate of the final quantity that will ultimately come to its facilities, to avoid design of wasteful excess capacity.

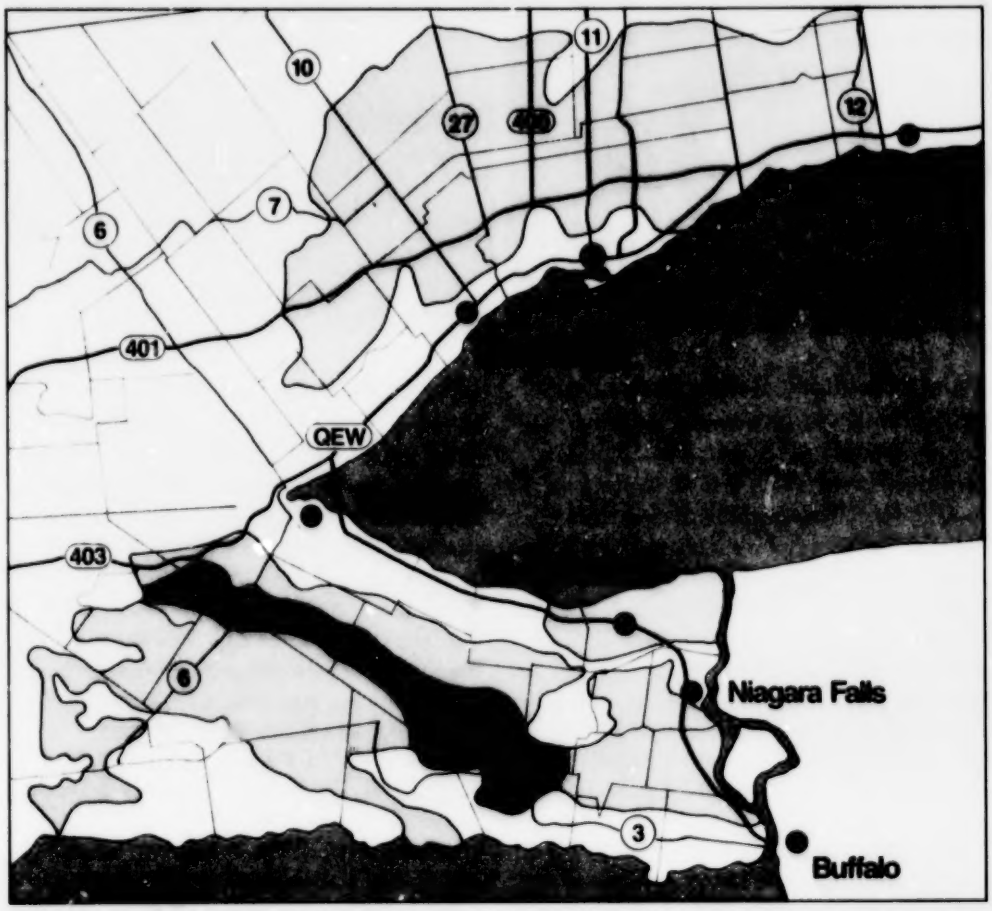

Figure 2.
Selected Geographic Region – The Golden Horseshoe
The Golden Horseshoe has been selected as the geographic region where OWMC will focus its search for candidate areas and candidate sites. Only Zones 1 and 2 will be considered for location of waste treatment facilities.

Legend:

Zone 1

Subsurface conditions generally consist of silt and clay soils. The soils normally have lateral and vertical textural uniformity. As such, this terrain exhibits predictable geologic and hydrogeologic characteristics that will naturally restrict potential contaminant movement.

Zone 2

Subsurface conditions generally consist of a variety of geologic materials and/or variability within a single geologic unit. Variations in geologic and hydrogeologic characteristics exist but this terrain may locally provide natural containment of potential contaminants.

– The initial capacity should be large enough to make a significant impact on the problem of special waste, particularly the most potentially hazardous waste streams, and allow all treatment components to operate efficiently.

The Golden Horseshoe region at the western end of Lake Ontario was identified as the focus for the search for candidate areas. Only Zones 1 & 2 (see figure 2) were considered for the location of waste treatment facilities.

Following the release of Phase 2 Report, work began on the third phase of the process. The purpose of this phase will be to select specific candidate site(s) for liquid industrial waste treatment and disposal facilities. Prior to the selection of these sites, however, the Corporation will be issuing an Interim Phase 3 Report outlining the areas within the Golden Horseshoe where the search for these facilities will be concentrated.

During the year OWMC staff held over 225 meetings with groups and organizations in addition to participating in media interviews and educational conferences.

Waste Reduction and Recycling

OWMC will be investigating ways in which it can assist industries in their efforts to reduce and recycle industrial waste.

In addition to the selection and operation of appropriate industrial waste treatment facilities, OWMC will be investigating ways in which it can assist industries in their efforts to reduce and recycle industrial waste. As a basis for this work, the Corporation commissioned Proctor & Redfern Limited, the Ontario Research Foundation, and Roy F. Weston, Inc. in September 1982 to undertake a Waste Reduction Opportunities Study. The study was finalized in late March 1983, and scheduled for release to the public with the Phase 3 Interim Report in May 1983.

The objectives of the study were to assemble information on efforts already being undertaken by Ontario industry to reduce industrial waste, to assess the impact these efforts will have on the quantity and nature of wastes which will require treatment and disposal, and to suggest potentially useful roles for OWMC in the encouragement of waste reduction in Ontario. The study outlines fourteen specific potential roles for OWMC to consider.

Communications

In conjunction with the Facilities Development Process, a Public Consultation Program has been developed to provide opportunities for public discussion on the work of the Corporation. At the end of each major step of the Facilities Development Process, a summary report is issued which outlines the key decisions that have been taken, the views and comments of the public and the issues that must be addressed in the next phase of the plan.

In 1982/83, the Public Consultation Program consisted of four distinct areas of activities:

1. a continuation of meetings with provincial groups and associations, each representing a number of organizations who have met previously with OWMC officials. These groups include agricultural, municipal, environmental and industrial interests;
2. a series of regional meetings in central locations throughout Southern Ontario and the Golden Horseshoe in particular. Meetings by appointment were scheduled in Oshawa, Richmond Hill, Toronto, Brampton, Hamilton, St. Catharines, London, Sarnia and Chatham. The dates and places of these sessions were announced in regional and daily newspapers, in radio advertisements, and in posters distributed to OWMC's mailing list. A total of seventy-six meetings occurred in which individuals and groups met with OWMC;

3. a weekend seminar was held in Niagara-on-the-Lake, to discuss the search and selection methodology in particular. Twenty-five representatives from environmental, industrial, religious, educational, agricultural and municipal groups and associations were invited to attend; and
4. OWMC also met with numerous groups and individuals who were unable to attend one of the scheduled meetings described above.

In addition to the Public Consultation Program, Communication's staff began developing a series of public information guides and brochures intended as an introduction to waste management technologies and issues for the general public. Appropriate visual aid material and a corporate news bulletin were also initiated during the year.

Marketing

Following the recruitment of a Head, Marketing and Sales in February, extensive discussions were initiated with liquid industrial waste generators, treaters, haulers and recyclers to discuss the role OWMC should play in industrial waste management and to begin refining estimates of the type and quantity of liquid industrial waste produced by Ontario industries. Planning of OWMC facilities will require more detailed information on waste quantities and types, to aid in process design and capacity. Work also began on the development of a long-term marketing plan which will include marketing sales and pricing policies, and an outline of technical and information services to assist industry in the reduction, recycling and treatment of wastes.

Extensive discussions were initiated with liquid industrial waste generators, treaters, haulers and recyclers to discuss the role OWMC should play in industrial waste management.

Corporate Planning and Development

Work began on the development of a comprehensive corporate plan, intended as a source document to identify short- and long-term business and financial objectives and departmental programs. The plan will cover a five-year period and will include an outline of all program plans and objectives within the Corporation. Internal administrative policies and procedures and guidelines for the development of annual departmental budgets were also developed this year.

Auditor's report

To the Board of Directors of the
Ontario Waste Management
Corporation and to the Minister of
the Environment.

We have examined the combined balance sheet of the Ontario Waste Management Corporations consisting of the Ontario Waste Management Corp. and the Ontario Waste Management Corporation, as at March 31, 1983 and the combined statements of revenue and expenditure and surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined statements present fairly the financial position of the corporations as at March 31, 1983 and the results of their operations and changes in financial position for the year ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

D.F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
May 12, 1983.

Combined Financial Statements

Ontario Waste Management Corporations
Combined Balance Sheet as at March 31, 1983

Assets	1983	1982
Current		
Cash	$ 261,874	$ –
Short term deposits	100,000	50,000
Due from Province of Ontario	500,000	500,000
Loan to employee (note 3)	5,000	5,000
Sundry receivables and prepaid expenses	9,418	683
	876,292	555,683
Loan to employee (note 3)	39,000	45,000
Fixed assets (note 4)	291,105	22,912
	1,206,397	623,595

Liabilities		
Current		
Bank overdraft	–	178,544
Accounts payable and accrued liabilities	904,983	233,476
	904,983	412,020
Shareholder's Equity		
Share capital (note 5)	3	3
Surplus	301,411	211,572
	301,414	211,575
	1,206,397	623,595

See accompanying notes to financial statements.

On behalf of the Corporations:

Director

Director

Combined Financial Statements

Combined Statement of Revenue and Expenditure and Surplus for the year ended March 31, 1983

	1983	1982
Revenue		
Province of Ontario transfer payments	**$4,900,000**	$2,032,256
Interest	**17,823**	6,850
	4,917,823	2,039,106
Expenditure		
Engineering consulting services	**2,524,138**	847,036
Salaries, wages and employee benefits	**697,977**	287,759
Communication consulting services	**553,081**	157,994
Management consulting services	**263,411**	53,180
Office rent	**218,460**	68,784
Legal and accounting fees	**124,135**	58,475
Directors' fees and expenses	**114,521**	118,881
Travel expense	**65,017**	42,992
Office supplies and equipment rental	**57,792**	39,923
Receptions, seminars and conferences	**49,331**	16,033
Depreciation	**38,292**	5,728
Telephone and postage	**27,749**	18,284
Staff recruitment and relocation	**22,128**	84,922
Moving expense	**21,493**	–
Education and training	**19,057**	–
Repairs and maintenance	**9,473**	15,678
Books, maps and publications	**8,154**	7,170
Drafting and surveying	**6,509**	2,152
Miscellaneous	**4,096**	2,543
Insurance expense	**3,170**	–
	4,827,984	1,827,534
Excess of revenue over expenditure	**89,839**	211,572
Surplus, beginning of year	**211,572**	–
Surplus, end of year	**301,411**	211,572

See accompanying notes to financial statements.

Combined Financial Statements

Combined Statement of Changes in Financial Position for the year ended March 31, 1983

	1983	1982
Working Capital Derived From		
Excess of revenue over expenditure	**$ 89,839**	$ 211,572
Add items not requiring an outlay of working capital:		
Depreciation	**38,292**	5,728
Forgiven portion of employee loan	**1,000**	–
	129,131	217,300
Repayment of employee loan	**5,000**	–
	134,131	217,300
Working Capital Applied To		
Fixed asset additions	**306,485**	28,640
Loan to employee	–	45,000
	306,485	73,640
Increase (decrease) in working capital	**(172,354)**	143,660
Working capital at beginning of year	**143,663**	3
Working capital at end of year	**(28,691)**	143,663

See accompanying notes to financial statements.

Notes to Combined Financial Statements

March 31, 1983

1. General

The combined financial statements include the accounts of the Ontario Waste Management Corp. and the accounts of the Ontario Waste Management Corporation.

The Ontario Waste Management Corp. was incorporated under the Business Corporations Act on January 2, 1981. The Corp. was active up to July 3, 1981 at which time all activities and programs of the Corp. were assumed by a new entity, the Ontario Waste Management Corporation established under The Ontario Waste Management Corporation Act, 1981. The assets and liabilities of the Ontario Waste Management Corp. become the assets and liabilities of the Ontario Waste Management Corporation on a day yet to be proclaimed by the Lieutenant Governor in Council.

2. Significant Accounting Policy

Depreciation for furniture and equipment is computed on the declining balance basis at rates designed to amortize the cost of these assets over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

3. Related Party Transaction

In October, 1981, an interest free loan of $50,000 was made to an employee of the Corporation with repayment terms of $5,000 per annum over a ten year period. The Corporation forgave $1,000 of the loan during the fiscal year ending March 31, 1983.

4. Fixed Assets

	Cost	1983 Accumulated Depreciation	Net Book Value	1982 Net Book Value	Depreciation Rate
Furniture	$112,741	$17,434	$ 95,307	$18,955	20%
Equipment	129,704	17,318	112,386	3,957	20% -30%
Leasehold Improvements	92,680	9,268	83,412	$ –	Term of Lease
	$335,125	**$44,020**	**$291,105**	**$22,912**	

5. Share Capital

The Ontario Waste Management Corp., has authorized share capital of one common share having no par value and this share has been issued to the Province of Ontario as represented by the Minister of the Environment. The Ontario Waste Management Corporation has been incorporated without share capital.

6. Commitment

The Corporation entered into an agreement effective October 1982 to lease office space for 5 years at a rate of $359,600 per annum.

7. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1983 presentation.

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